

USAWC STRATEGY RESEARCH PROJECT

**A PLAN TO RESOURCE NATIONAL SECURITY STRATEGY -
PROGRAMMING, AND BUDGETING FOR INTERAGENCY OPERATIONS**

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ABSTRACT

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America faces many threats that will not lend themselves to a primarily military response. It must expand its toolkit and strategically position itself to meet these challenges by improving its ability to evaluate capabilities and analyze tradeoffs across agencies. Resourcing is not well linked to national security strategy or developing integrated use of all elements of power. Therefore, unified statecraft must be supported by an integrated planning, programming and budget (PPB) process.

To create a national PPB process, the President must empower the National Security Council (NSC) to function like the DoD Senior Leader Review Group. They would need to create a decision support cell to identify interagency functional capabilities and their future demand. In support of NSC capability tradeoffs, the Office of Management and Budget must perform similar functions to the DoD Program and Analysis team. They would perform analysis, cost capability options and communicate NSC decisions to executive agencies.

Creating lasting change will take Presidential, Congressional, and key individuals committed to implementing it. Creating a closer relationship between strategy and resource allocation will strategically position the U.S. to achieve its goals. Meeting the future threats in a complex, uncertain and volatile world demands it.

A PLAN TO RESOURCE THE NATIONAL SECURITY STRATEGY - PROGRAMING, AND BUDGETING FOR INTERAGENCY OPERATIONS

Building partnership capacity invigorates our efforts and acknowledges that future challenges can be met only through the integrated use of all elements of national power...

—Peter Pace, Chairman of the Joint Chief's of Staff¹

As a result of lack of coordination between military services in past operations such as Urgent Fury, Congress enacted the Goldwater Nichols Defense Reorganization Act in 1986. Goldwater Nichols sought to enhance military effectiveness by improving Jointness. Unfortunately, the unity of effort that Goldwater Nichols sought for military planning and operations has not migrated to U.S. interagency operations.² Echoing that fact, the 2006 Quadrennial Defense Review (QDR), states that:

Today's environment resembles a challenge that is different in kind, but similar in scale, to the cold war – a challenge so immense that it requires major shifts in strategic concepts for national security and the role of military power. Success requires unified statecraft: the ability of the U.S. Government to bring to bear all elements of national power at home and to work in close cooperation with allies and partners abroad.³

Given the seamless nature of the current threat, U.S. policy approaches to national and homeland security should be seamless as well.⁴ The QDR recognizes that in this age of fast moving, volatile, uncertain, complex, ambiguous (VUCA) environment, government must be more integrated, agile and adaptive in executing its National Security Strategy (NSS). Although many non Department of Defense (DoD) agencies possess the knowledge and skills needed to perform tasks critical to complex operations, they are often not chartered or resourced to maintain deployable capabilities.⁵ “It is a simple fact that today, U.S. operational capability rests almost entirely within the Department of Defense.”⁶

In addition to the challenge of creating integrated agency actions, every administration grapples with translating its strategic priorities into realistic programs and budgets.⁷ Resourcing an improved planning effort will be integral to its successful implementation. Federal resourcing is not well linked to national security strategy or integrated to use interagency capabilities. Improving the linkage of interagency strategy and planning efforts with resourcing will take an integrated effort from the top down. Better linkage of strategy and resourcing would improve the

ability of the U.S. to engage all elements of national power to achieve National Security Strategy.

To strengthen the relationship between strategy and resourcing, the Executive Branch should adopt an improved and simplified DoD planning, programming, and budget process to focus interagency resourcing to achieve National Security goals. Within this process, the NSC needs to play a greater interagency resourcing role. The NSC must improve their ability to evaluate capabilities across agencies and recommend resource tradeoffs. Increased analysis of capabilities and tradeoffs will require incremental realignment of resources and costing by the Office of Management and Budget (OMB). Because of DoD's size and magnitude (over 52% of the discretionary budget), its PPB processes and lessons learned can be leveraged to improve the national linkages of strategy to resourcing. This paper will provide some required background, briefly outline the DoD process, and explore various DoD studies. From analyses of these studies, it will draw useful lessons that can be applied to create a national PPBS process to improve the linkage between the national strategic planning and resourcing and effectively execute the strategy across the executive branch of government.

I. Background.

There are two branches of government with resourcing responsibilities – Executive which requests the funds and Congress who votes to grant them. Congress has enacted multiple laws that affect agency resourcing and execution. This section provides relevant background to define players and roles within the process and to set the stage for evaluating the effectiveness of their interaction.

Currently the federal budget is divided into non-discretionary and discretionary spending. Non-discretionary programs are created through entitlement laws such as Social Security and currently compose 53% of federal spending. The discretionary portion of the budget funds the executive agencies and is the most hotly debated within Congress as this is where the real choices lie. Recommendations for funding or redistribution will focus on discretionary funding.

Within the Executive Branch, OMB's role is to establish top line discretionary fiscal guidance. Overall their mission is to assist the President in overseeing the preparation of the federal budget and to supervise its administration in Executive Branch agencies. They also assist him in improving administrative management, developing better performance measures and reducing any unnecessary burdens on the public.⁸ Despite the changing aspects of current threats, today's budget processes are largely unchanged from the Cold War era. Agencies prepare their own budgets in "stovepipes". They decide in relative isolation without coordination

with other agencies what priorities and capabilities to fund. Agency budgets are keyed to OMB's top line fiscal guidance, but not always to common strategic priorities, as they may be articulated at the national level.⁹

The constitution grants Congress a fundamental role in allocation of resources and creating laws that affect funding. Iterated in Article I of the constitution, the Legislative Branch has the authority among others to create federal agencies, dictate their purpose, raise taxes, and borrow money. They own the "power of the purse" in regards to funding distribution as well as the ability to make laws that affect executive agencies.

Because the national debt steadily increased in the 80's, they created multiple laws constraining the amount of the discretionary budget. They include the 1985 Balanced Budget Emergency Deficit Control Act and the reaffirmation of this law in 1987 often referred to as "Graham-Rudman-Hollings acts" named for their principle sponsors. The purpose of this legislation was to insure that deficits and subsequent interest payments were constrained – i.e. that the U.S. Government didn't spend in its regular appropriations more than what was collected in revenue. One of the fundamental reasons is because in the long run, deficits increase interest payments and decrease discretionary spending. Another relevant term generated by the 1990 Budget Enforcement Act was "pay as you go". Although primarily related to entitlements, the phrase can also be applied to discretionary spending as a whole.¹⁰

Although the OMB Oct 06 press release stated that the deficit had "been cut in half," what it really noted was a change in projections of the annual deficit based on inflation factors. It failed to mention that during the period 2001 to 2006, the deficit rose \$5.3 trillion to a record amount of \$8.6 trillion (156% increase).¹¹ GAO Comptroller General Walker noted that the current fiscal path threatens the U.S. economy, and ultimately national security.¹² Therefore, the "coming budget crunch associated with security related outlays and the corresponding search for greater efficiencies and savings" have created an environment where "people are more willing to consider far-reaching alternatives for how to organize, plan and implement various national security policies."¹³ To protect U.S. economic freedom and national security, any change in strategy and subsequent resourcing will need to be resourced via a realignment of funds rather than an increase in discretionary funding.

Federal law already dictates that agencies prepare strategic plans. The 1993 Government Performance and Results Act (GPRA) required agencies to submit strategic plans, and create annual performance plans.¹⁴ What agencies have produced in response to this law has consistently been a glossy document that serves a public affairs function, but does little to guide U.S. national security policy making and resource allocation.¹⁵ Therefore, each agency

develops strategic plans; however, they are not tied to an integrated strategic plan and do not identify capabilities required to prepare for future challenges.

Generally speaking, the interagency is not a formal structure, which exists in a specific location. It doesn't have its own hierarchy and resources, but is a community of agencies that depend on an established process for coordinating Executive Branch decision-making. In the context of the NSS, the term "interagency" is used to describe multiple government agencies working together such as the DoD, Department of State, and the Department of Homeland Security. The interagency coordinating organization is the National Security Council (NSC) which was created by the National Security Act of 1947 (50 U.S.C. 402). The council includes six statutory members: the President, Vice President, Secretary of State, Secretary of Defense, Secretary of Treasury and the National Security Advisor. Advisors to the council are the Chairman of the Joint Chiefs of Staff and Director of Central Intelligence. In creating the NSC, Congress emphasized the need for this group to integrate agency policy to improve overall effectiveness of national security decision-making.¹⁶

President Bush has emphasized the need to prevent, rather than be forced to respond to attacks; however, National Security Council policy decisions are not integrated with OMB top line discretionary funding. They are created in completely separate processes. Therefore, agencies may not be able to implement policy or effectively integrate their actions. To accomplish the President's vision and to ensure more effective operations both domestically and internationally, integrated policy, planning and resource processes must be implemented across the federal government. The way to do that is to charge the NSC with the function of coordinating NSS resourcing. With this in mind, one can investigate the DoD resource process for ideas on how to shape a revised federal process.

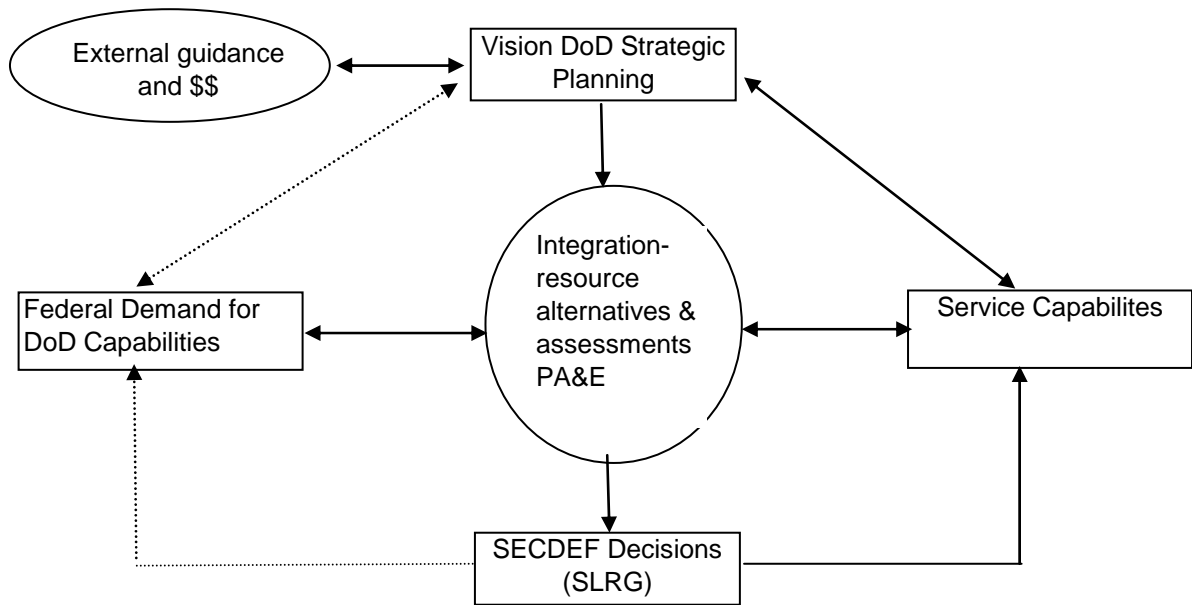


Figure 1. A vision of DoD Planning, Programming, Budgeting process. ¹⁷

Section II – Discussion.

Within the Department of Defense there is a well developed process designed to link executive strategy to agency resourcing. It is called Planning, Programming, Budgeting, and Execution System or PPBES for each of the major phases of the process. It was created in 1962, as a management innovation of President Kennedy's Secretary of Defense (SecDef), Robert McNamara who derived it from a RAND Corporation study.¹⁸ The new process, which continues today, created a multi year programmatic focus called the Five Year Defense Program (FYDP). Previously, SecDef involvement was limited to creating ceilings for the services to build their budgets, much as the national process is now. This process was further refined over the years to provide a greater emphasis on long range planning. SecDef Rumsfeld further revised it to enhance planning efforts, and analyze Joint capabilities.

"Goldwater Nichols (GN) legislation passed in 1986 provided increased civilian management of the Department of Defense (DoD) and ensured joint military judgment was an important part of all resource and operational decision-making."¹⁹ One of the purposes of GN was to align the demand for resources (combatant commanders) with supply (services). Although the process is not yet perfectly implemented, DoD is moving toward total joint integration of capabilities and subsequent programming decisions to resource these capabilities. This dichotomy between service supply and joint demand will be further developed via the review of various studies.

Currently, resources are organized, managed, programmed and budgeted along service lines. Each subsequent level of detail attempts to further articulate the ways and means of achieving relatively broad national strategy down to actual service budgets and execution. At the end of each major cycle, the DoD integrates across the department and attempts to minimize risk. As a part of risk minimization, alternative ways and means to achieve the objectives are explored by the most senior resource decision body the Senior Leader Review Group (SLRG) composed of OSD principles.²⁰ Decisions are made, generally to eliminate as much risk in as many categories as possible.

The programming phase is an internal DoD process based on OMB tentative future year top line estimates. At this point in the process, these top line numbers are not congressionally appropriated funds; therefore, it is primarily a “database” exercise. “The purpose of programming is to distribute available manpower, dollars, and material among competing requirements.”²¹ Although extremely difficult, throughout this process DoD strives to avoid duplication. One of the ways it is attempting to avoid duplication and make tradeoffs is by articulating Joint capabilities required. The Office of the Secretary of Defense (OSD) reviews the service programs and modifies them through documents called Program Decision Memorandums (PDMs). Programming is the sub process that would be most suitable for leveraging to the interagency level because strategic tradeoffs to align strategy to resourcing must be made prior to congressional submission and appropriation.

Following the program process is budgeting and execution. Once the budget is finalized in late January, the Defense Department along with all executive agencies submits them to the OMB who reviews and sends them to the President. The President submits the administration’s budget to Congress no later than the first Monday in February. After Congress appropriates funds, the rules for realignment of resources become much more constrained. Congress completes a similar process to pass authorization legislation which allows programs to exist and describes their functions. Authorization act language can be applicable for a short period (one year) or permanent (become a part of Title X etc) and modify agency responsibilities.²² Following passing of legislation, agencies expend resources to accomplish approved actions.

Section III Not a Perfect System.

As useful as the PPBE process is for DoD, many critics believe the system needs to be modified to meet the changing situation. While there is much to learn from the DoD resource decision-making process, there have also been many studies that cite potential improvements. Due to DoD’s size and percentage of discretionary resources, it is logical that recommendations

to its processes would have relevance to the whole interagency system. From these DoD studies one can draw useful analogies and recommend best practice activities that can be applied at the national level to improve the linkage between the strategic planning and resourcing. This section highlights some of these studies in order to draw out what can be leveraged to interagency recommendations.

Joint Defense Capabilities Study. In March 2003, the Secretary of Defense chartered the Joint Defense Capabilities Study to examine how the DoD develops, resources, and provides joint capabilities.²³ Although joint resourcing is much improved since the GN enactment, the study found that the services still dominate the first step in the programming process - the requirements process. Therefore, the full range of solutions available to meet joint warfighting needs is not fully considered especially if existing alternatives reside in a different service or agency. To address this shortfall they recommended creating a DoD Joint capabilities based process for identifying needs, offering alternatives and developing solutions.

The study noted Joint capabilities could be created along functional or operational lines. “Of the two types of capability categories, functional categories are more enduring – they are less apt to change due to new technology, emerging threats, or doctrine updates.”²⁴ Functional capabilities also provide clearer boundaries to make organizational changes and tradeoffs. Examples of functional capabilities include: command and control, logistics, battle space awareness and protection. As a result of their recommendations, Combatant Commands (COCOMs) express needs as “capabilities” or desired effects to allow for the widest range of solutions at the beginning of the process.

Senior DoD leadership is focused on fixing problems at the end of the resourcing cycle, rather than early in the planning process. Planning for major joint capabilities must be done at the department level. Senior leaders focus on providing strategic guidance, making decisions in the “front end” of the process, and engaging at key points later in the process. The new process has four major elements: strategy, enhanced planning, resourcing, and execution & accountability.

- **Strategy** differs in that COCOMs will be more involved in shaping the strategic planning guidance focusing on strategic objectives, priorities and risk tolerance.
- **Enhanced planning** divides into two main areas – operational and enterprise needs. Operational needs are primarily driven by COCOMs while enterprise (non-warfighting) needs are identified by OSD and the services.

- **Resourcing** will be better linked to capabilities and executable. The remainder of the resourcing process is simplified and the program and budget reviews are reduced in scope and level of effort.
- **Execution and accountability** provides performance assessment and is organized around capability categories spanning both operational and enterprise functions.²⁵

The desired end state is a streamlined collaborative, yet competitive process that produces more fully integrated joint warfighting capabilities.²⁶ There is much within this study that can be leveraged to the interagency resourcing process. Improved strategic guidance and planning, also recommended by the QDR, focuses the process on the outcome desired – expressed as a capability. Functional capabilities would provide a basis for interagency tradeoffs because they are less apt to change due to new technology, and emerging threats. Time must be devoted early in the process to identify functional capabilities, look across agencies to identify who has the necessary expertise to provide a capability and analyze tradeoffs. The rest of the revised national programming process would be designed to provide that capability in the best way within risk and resources. Making resource allocations based on an improved interagency analysis of capabilities would improve agency implementation and integration. Since capabilities are analyzed and integrated within the planning and subsequent programming phases, interagency efficiency and effectiveness would be enhanced.

Reforming Pentagon Decision-making. This study recommends creation of a decision support cell at the senior levels of the Department of Defense that would be empowered to perform integration analyses. It again highlights that services tend to look within themselves rather than across the DoD for solutions. There are few incentives for services to collaborate and provide integrated solutions and subordinates are rewarded for developing and protecting their own organizational equities. "Former Secretaries and Deputy Secretaries are virtually unanimous in their belief that Pentagon bureaucracy could be cut from 25-75% without any degradation in the quality of decision support."²⁷ Former Secretary of Defense Donald Rumsfeld used workarounds to tame the bureaucracy, which unfortunately, helps convince subordinates that having access to senior leaders and controlling information to them is the key to success further discouraging information-sharing and collaboration.²⁸

Beyond Goldwater-Nichols. As good as GN was, observers believe the need for expanding those efforts have arrived. The Center for Strategic and International Studies (CSIS) conducted two recent studies entitled *Beyond Goldwater-Nichols* (BG-N) Phase 1 and 2 reports that took overarching looks at the DoD. Phase 1 focused primarily on DoD internal processes,

but due to increasing complexity of today's engagements, the team found multiple linkages to other agencies capabilities or lack thereof. Phase 2 efforts built upon Phase 1 findings especially within interagency efforts much of which was echoed in the 2006 QDR report. They have enormous implications for interagency efforts and further emphasize the need for an integrated resource process. Dr. Hamre, the President and CEO of CSIS, provided key intellectual leadership and policy guidance. His background and experiences serving as the Deputy Secretary of Defense (1997-1999) and Under Secretary of Defense (Comptroller) (1993-1997) as well as ten years as a professional staffer for the Senate Armed Services committee make him and his team uniquely qualified for recommendations that are suitable and executable within the complex government arena.²⁹ They found that many national security issues concern the entire U.S. Government, not just the DoD. Therefore, "Defense reform must look beyond the scope of purely defense issues because in many instances, ultimate success hinges on how well DoD integrates with other government agencies."³⁰ Major findings of the Phase I report include:

Rationalizing DoD Structures. "The current organizational structures of the military departments, the Joint Staff, and OSD too often produce unnecessary overlap."³¹ They recommended a targeted consolidation of organizational structures that preserves the diversity of ideas where warranted and strengthens civilian oversight without impeding independent military advice. Specifically, consolidate the secretariat and military staffs to eliminate duplication and focus the Joint Staff on military operations and advice.³² This action would leverage expensive military manpower on operational capabilities. To reduce duplication of effort, contain costs and maximize the use of precious resources, the recommendations consciously shift technology and business practices to DoD enterprise wide solutions.³³ Thus, supporting functions would be consolidated within the Undersecretary of Administration. Realistically, the Executive Department with Congressional support could consolidate supporting functions across the entire federal government enterprise. Multiple duplications across agencies include facility management and logistics distribution. Consolidating some of these supporting activities would create efficiencies, reduce support costs and provide a bill payer for the recommended actions. Strategy and resources would then be used on creating agency capabilities.

Allocating Resources More Effectively. "Many critics call the DoD resource allocation process "the Pentagon's real wars."³⁴ "Budgeting decisions remain dominated by factors other than strategy and planning."³⁵ DoD independent analysis on a wide range of strategic choices is imperative and very difficult to come by since the services often have different agendas. This

not only causes conflict, but also results in less than optimal solutions. Their recommendations had the objective of improving strategic decision-making, policy implementation, and program execution and were consistent with the Reforming Pentagon Decision-making Study strengthening analysis in support of decision making. In creating an interagency strategy and resourcing process one must include the ability to produce objective advice. Only then will the nation produce integrated solutions and improve the linkage between capabilities the agencies produce and demand. NSC strategic decision-makers need objective analysis that provides good options and results in informed decisions.

Improving Interagency and Coalition Operations. “The United States and its international partners have repeatedly failed to integrate fully political, military, economic, humanitarian, and other dimensions of a given operation into coherent strategy.”³⁶ Further, they noted that Goldwater-Nichols did not address the organization and functions of the National Security Council (NSC). They recommended that further national integration and possible legislation is required to:

- Coordinate policy planning and oversee policy execution with regard to regional crises. This would counter agency parochialism, identify potential disconnects and synergies, and elevate contentious issues to the deputies and principles for decision.
- Review at minimum after each Presidential election the guidance and standard operating procedures for planning complex operations. Primary focus would be on capabilities/division of labor between agencies as well as integration efforts.
- Enhance civilian capacities for conducting complex contingency operations because all agencies (State, Justice, Commerce, and Treasury) are likely to become involved in complex operations abroad.
- Establish a new Agency for stability operations with a civilian stability operation Corps and Reserve.
- Establish a new training center for Interagency and Coalition Operations that would be run jointly by DOD National Defense University and State Department's National Foreign Affairs Training Center.
- Increase funding for programs that expand opportunities for civilian planners and operators to work with their foreign counterparts. Such contacts provide critical insights into partner approaches and capacities regarding complex operations.³⁷

The QDR echoed some of these same themes of agency capability gaps such as:

- Department of Justice to support the rule of law and building and strengthening civil societies.
- Department of State, comprising less than 6.3% of the discretionary budget, to coordinate reconstruction and stability (Table 1).
- Homeland Security (HS) to create and implement training and exercise programs to accommodate planners from other agencies as well as states.³⁸ HS currently receives 3.5% of the federal discretionary budget.

Agency	(\$ Billions)	2006	%	2007	%
Defense		\$517.6	52.36%	\$489.7	51.77%
Science, State, Justice and Commerce		\$60.3	6.10%	\$59.8	6.33%
Foreign Operations		\$23.3	2.35%	\$24.2	2.56%
Homeland Security		\$38.8	3.92%	\$33.7	3.57%
Transportation, Treasury, HUD, Judiciary		\$71.8	7.26%	\$67.4	7.13%
Labor, Health and Human Services		\$145.2	14.69%	\$141.9	15.00%
Veterans Affairs		\$49.2	4.98%	\$52.4	5.54%
Energy and Water		\$34.2	3.46%	\$30.0	3.17%
Interior and Environment		\$26.4	2.68%	\$25.9	2.74%
Agriculture		\$17.9	1.81%	\$17.9	1.89%
Legislative Branch		\$3.8	0.39%	\$3.0	0.32%
Totals		\$988.4		\$945.9	

Table 1. Discretionary Appropriations.³⁹

As previously noted, some threats do not lend themselves to a military solution. Although senior leaders have recognized legitimate capability gaps, these agencies are not currently funded to improve them. Due to laws meant to restrain deficit spending, the noted unsustainable fiscal path and its threat to U.S national security, any increase to Non DoD agency funding will need to be resourced via a realignment of funds rather than an increase in discretionary funding. Federal capabilities must be organized along functional lines so that strategic tradeoffs can be made. This would enable capabilities to be better distributed and integrated over all federal agencies, and eliminate duplication.

Discretionary Spending (\$ Billions)						
	2005 (actuals)	2006	2007	2008	2009	2010
Defense	\$500	\$557	\$572	\$585	\$599	\$613
NonDefense	\$487	\$439	\$478	\$489	\$502	\$512
TOTAL	\$987	\$996	\$1,050	\$1,074	\$1,101	\$1,125
Defense %	50.7%	55.9%	54.5%	54.5%	54.4%	54.5%
NonDefense%	49.3%	44.1%	45.5%	45.5%	45.6%	45.5%

Table 2. Discretionary spending including supplementals.⁴⁰

In its study, CSIS emphasized unified effort, which can only be created by unified doctrine and guidance in the form of National Security Planning Guidance. They also recommended

expanding the QDR to include a broader perspective and transforming it into the Quadrennial National Security Review. To implement these actions, the NSC role would be recast to be more actively involved in ensuring Presidential intent is realized through USG actions. The outcome of this effort would be a national security strategy that establishes the capabilities required to implement the strategy.⁴¹ Taken together the study team's recommendations regarding interagency processes would create a unified national security approach where none now exist.⁴²

Implementing Reform. CSIS reviewed various actions of reform through American history to determine what correlated to success. Some essential elements of sustained reform are:

- Congress. "The role of Congress in the process is the most crucial determinant of prospects for a reform effort."⁴³
- Resourcing. Money matters in multiple ways. The fewer resources required, the greater the prospects for reform. Reform mandates unaccompanied by the fiscal resources to accomplish them do not succeed. Reform through outsourced governmental functions has a greater likelihood of success.
- Incremental changes. Historically, incremental attempts at reform have a much better chance of success than sweeping changes to existing institutions and capabilities.
- Change Agents. Creating a critical mass along with the role of critical individuals is imperative toward lasting change. This is done through public debate, public interest and analysis of what is feasible, achievable and suitable.⁴⁴

The interagency recommendations share a broad theme: get many disparate parts of the U.S. national security structure to row together in both planning and execution.⁴⁵

Recommendations for creating a unified national security approach would do much to improve integration and effectiveness of interagency actions. Successful implementation of integrated planning and execution requires a revaluation of the resource allocation process to support it. Most of the recommendations increase capabilities within non DoD agencies and implicitly require resources. To successfully implement changes to capabilities requires complex tradeoff analyses on how to fund them.

DoD has been refining its PPBE process for 45 years. Despite the common view that DoD's resourcing process reflects an out-dated management approach, senior officials throughout other federal government agencies almost universally perceive it to be superior to any other resource allocation process in the executive branch.⁴⁶ Currently, the DoD receives over 52% of the federal discretionary budget. Because of DoD's size, magnitude and

reputation, its PPB processes can be leveraged to improve national linkages of strategy and resourcing. An important element of the DoD process is the fact that strategy and resourcing must be integrated early, well before congressional submission.

All agencies participate in the budget process; however, they are much less likely to have a robust programming effort. The programming process would be well suited to leverage to a national interagency resourcing process since this is the point in time when strategy is aligned to resources and major capability tradeoffs are made. At the national level, the NSC would compose the SLRG. Their role would be to provide direction for alternative ways and means analysis, and provide recommendations to the President for resource allocation. Integration of policy planning and execution, NSC strategic decision-makers need objective analysis that provides good options and results in informed decisions. How to provide them with objective analyses was not addressed and strategy without funding will not be implemented. Due to Congressional rules for realigning appropriated funds, Congress' "power of the purse" and their ability to modify agency responsibilities, they are an essential player to include in any significant interagency process reform efforts.

Integrating an improved planning function with resourcing would strengthen and reinforce the efficacy of the products required by the Government Performance Results Act such as an agency strategic plan and performance measures. It would also ensure better integration of all of the elements of power in complex operations. The next step in this evolutionary process is creating this integrated national resource process.

Section IV. Recommendations.

The preceding discussion has shown how there is no central coordinating authority to ensure that resources are tied to a unified plan needed for a coherent NSS. To effectively address this challenge, the executive branch must shift its emphasis from department centric approaches toward integrated interagency solutions. Multiple studies recommend the strengthening of the NSC to improve the planning function for it is recognized that success in complex foreign crises requires the nation to simultaneously address all aspects of a crisis – diplomatic, political, military, humanitarian, economic, and social in a coordinated fashion.⁴⁷ The executive branch should adopt an improved and simplified DoD programming and budget process to better align interagency resourcing to achieve National Security goals. Much like the DoD Senior Leader Review Group (SLRG), the NSC would guide the process of agency capability costing and analysis. To support the NSC decision-making process, the President would authorize an analytical team to identify the capabilities required and then objectively

evaluate them. Creation of a national programming process would also require a costing and process monitor. Therefore, the Office of Management and Budget role must be modified to incorporate DoD like programming and analysis functions. This section provides recommendations to create an integrated national resourcing process in support of unified national security.

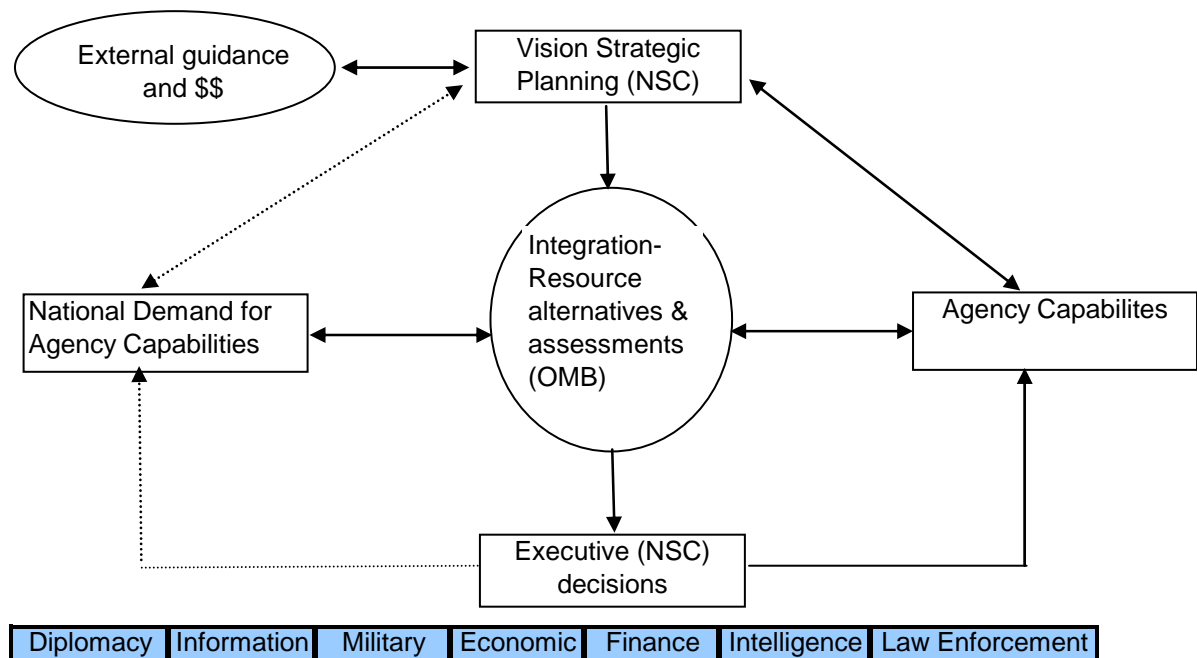


Figure 2: Vision of future integrated resourcing process.⁴⁸

NSC Role in Resourcing Strategy. Many situations in today's environment call for a multi-agency approach to achieve successful national security strategy. The national level does not have a SLRG due to strategy and top line funding being established in different processes. At the national level, the NSC should compose the SLRG. Their role would be to provide direction for alternative ways and means analysis, and provide recommendations to the President for resource allocation. To ensure Presidential intent is realized, the NSC must be able to distinguish and make tradeoffs between agencies as well as integrate efforts. Therefore, just as defense is moving toward evaluating capabilities across the department so must the Executive Branch as a whole.

A capabilities based process would provide a better way to identify needs and compare agency alternatives. Establishing functional capabilities would be the best alternative since they are less apt to change, and provide clearer boundaries to enable tradeoff analyses. One element of the tradeoff analyses would include return on investment analysis. The nation can obtain various capabilities from different agencies. Some core capabilities are tasked by law.

Executive Branch tradeoffs would compare the return for the nation on various mixes and sources of those capabilities. Different agencies would have the lead for a capability based on their agency mission. The government as a whole would focus regionally and globally, while DoD focused on needed military capabilities.⁴⁹

Incrementally Realign Resources. “On the spending side, the Federal budget represents about one fifth of the Gross Domestic Product (GDP) of the United States.”⁵⁰ As noted previously, operational capability rests almost entirely within the DoD since it receives over 52% of the national discretionary budget. As long as this is true, they will be required to perform many roles that other agencies would be better suited to perform (Tables 1 and 2).⁵¹ Military manpower is the most expensive type of manpower. It should be reserved for those types of operations that its core capabilities are required. For example, the Army has over 1 million soldiers and approximately 250 thousand civilians. Department of State lacks even the depth of the Army and has fewer than a brigade’s worth of Foreign Service Officers (4-5000 people) in the field.⁵² Thus, a mismatch occurs where DoS has the authority for international engagement, but the Department of Defense has many resources to do so.⁵³

Recommending that an agency, with its current structure and capabilities, assume expanded responsibilities is an empty mandate and will lead to ineffectiveness and failure. To accomplish modification of agency capabilities to implement strategy will require an incremental realignment of resources. Just as CSIS noted money matters in multiple ways and incremental changes have a better chance of success. Therefore, adjustments to funding levels must be incremental in nature to ensure unintended outcomes do not occur. Complex systems such as the federal government have multiple connections and interactions. Aggressive action will often produce exactly the opposite of what is intended - instability and oscillation, instead of moving one more quickly toward one’s goal.⁵⁴ The NSC should use an incremental approach in modifying agency programs and budgets since this will more likely produce the intended outcome of improved capabilities.

Improve Decision Support. To support the NSC capability evaluation process, the President must create an objective decision support team. This would eliminate the current situation where each agency views capabilities required within their silo. This team would work for the NSC and could reside possibly within OMB. Their role would be to perform the analysis for objective tradeoff comparing capabilities and providers. Long term, evaluating and building a more robust toolkit, would create a balanced portfolio of options available for future crises. If effectively implemented, federal agencies would be more focused on their core capabilities

rather than a “stove piped” view of providing all capabilities without integration. Evaluation in this manner would also decrease duplication across agencies and increase interdependence.

The mission of this decision support cell would be to conduct clear well coordinated rational analyses and create alternatives. As mentioned in the article “Reforming Pentagon Decision-making” this cell would also run exercises to train the senior leaders and staff as well as hone intuition about the implications of tradeoffs. Creating and running exercises would educate them about the “language of interrelationships and feedback processes” to improve the process.⁵⁵ The NSC must strike a balance; however, between a process that ensures a diversity of views on the most critical issues and a process that creates too many competing power centers and unnecessary friction.⁵⁶ Creating a decision support cell would improve the ability to strategically evaluate alternative ways to identify and provide national capabilities to meet the future threat. Improvement would occur over years as the process became more robust and integrated.

Revise and Expand OMB Role. A unified national security strategy must be complemented by integrated resource distribution. This is echoed by the National Defense University Handbook for Interagency Operations in Complex Environments in that “critical decisions about priorities and allocation of resources are made early on.”⁵⁷ The Office of Management and Budget currently provides resource targets not well linked to NSS. To support the NSC capability analyses and decision-making, OMB’s role must be expanded to provide the programming/comptroller functions for a national resource allocation decision process much like the OSD program and analysis team (OMB) performs for the SLRG (NSC) (Figure 2).

The overall aim of creating an executive branch integrated planning and programming process is to produce a proactive national resource allocation that is strategy driven, capabilities focused and budget disciplined. In their planning guidance, the NSC would set priorities, clarify national security roles and responsibilities to reduce capability gaps and eliminate redundancies.⁵⁸ OMB would manage a modified resource programming process to incorporate critical NSC resource decisions. Creating an Executive Branch programming process would provide the NSC the time to fully evaluate options and agencies time to plan implementation. Early resource integration would also better support full consideration of all elements of power and their capabilities. By integrating NSC strategy and resource allocation, it will translate into a better reflection and implementation of the President’s NSS and domestic policy goals.

Comparing and evaluating alternatives is impossible without a transparent set of baseline assumptions, operating concepts, methods, metrics, and data.⁵⁹ To create an effective programming process, OMB should be empowered to set timelines, standards and enforce a

degree of transparency, collaboration and information sharing among all agencies. They would need to increase their decision support cell to cost alternative capabilities so that senior leaders can make informed decisions. OMB's costing team would as much as politically possible, coordinate with Government Accounting Office (GAO) and the Congressional Budget Office (CBO) for economic projections, and different affects on the economy as well costing of alternatives. This would build consensus between the Legislative and Executive Branches on strategy and resourcing early in the process.

Even when the results of the rational cost analyses offer valuable insights, senior leaders ultimately must contrast choices across diverse value sets (operational, political, economic and so forth) and make decisions on the mix. The DoD uses the program decision memorandum (PDM) or program budget decision (PBD) to communicate decisions throughout the programming and budgeting phases. The NSC could establish a similar method that OMB would manage to document and communicate NSC and executive decisions regarding capabilities. The overall outcome of the modified programming process would be a resourced national domestic and security strategy to best meet the demands of the future.

Additional Areas for Follow on Actions. Given the size of the DoD, much of what CSIS recommended in their B-GN reports could be leveraged into government enterprise wide solutions. Integration of certain common support mechanisms such as federal facilities administration, logistics distribution as well as a common business operating structure with one federal accounting system could possibly alleviate some of the fiscal pressure. Additionally, simplifying military pay entitlements would enable DoD to use commercial off the shelf software with less rewrites. Integrated effort needs to be the driving force as well as leveraging all elements of power.

V. Conclusion.

"The world has changed substantially since Goldwater-Nichols defense reforms of 1986."⁶⁰ America faces many transnational threats that will not lend themselves to a primarily military response. The nation must expand its toolkit and strategically position itself to meet these challenges. Government must look across all elements of national power and modify these capabilities to meet the future threat. This begins at the top, where strategy is created. The Executive Branch must improve its ability to evaluate capabilities and analyze resource tradeoffs across agencies.

Resourcing is not currently well linked to national security strategy or developing integrated use of all elements of power. Modification of capabilities across federal agencies

requires an incremental realignment of resources. Therefore, unified statecraft must be supported by an integrated planning, programming and budget (PPB) process. To support a national PPB process, the President must empower the National Security Council (NSC) to create a decision support cell to identify interagency functional capabilities and their future demand. To support costing these alternatives, the Office of Management and Budget's team must expand its analytical capabilities and create a method of communicating Executive Branch decisions.

Creating lasting change will take Presidential, Congressional, and key individuals committed to implementing it. Creating a closer relationship between strategy and resource allocation will strategically position the U.S. to achieve its goals and truly create a unified national security approach. Meeting future threats in a complex, uncertain, and volatile world demands it.

Endnotes

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